



Energy Focus, Inc.

Investor Presentation
December 2020

Forward Looking Statement

Forward-looking statements in this presentation are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Generally, these statements can be identified by the use of words such as “believes,” “estimates,” “anticipates,” “expects,” “feels,” “seeks,” “forecasts”, “projects,” “intends,” “plans,” “may,” “will,” “should,” “could,” “would” and similar expressions intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. These forward-looking statements include all matters that are not historical facts and include statements regarding our intentions, beliefs or current expectations concerning, among other things, our results of operations, financial condition, liquidity, prospects, growth, strategies, capital expenditures and the industry in which we operate. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Although we base these forward-looking statements on assumptions that we believe are reasonable when made in light of the information currently available to us, we caution you that forward-looking statements are not guarantees of future performance and that our actual results of operations, financial condition and liquidity, and industry developments may differ materially from statements made in or suggested by the forward-looking statements contained in this presentation. We believe that important factors that could cause our actual results to differ materially from forward-looking statements include, but are not limited to: (i) disruptions and a slowing in the U.S. and global economy and business interruptions experienced by us, our customers and our suppliers as a result of the COVID-19 pandemic and related stay-at-home orders, quarantine policies, school attendance restrictions and restrictions on travel, trade and business operations; (ii) our ability to realize the expected novelty, disinfection effectiveness, affordability and estimated delivery timing of our UV-C disinfection (“UVCD”) products and their performance and cost compared to other products; (iii) market acceptance of our LED lighting, control and UVCD technologies and products; (iv) our need for additional financing in the near term to continue our operations; (v) our ability to refinance or extend maturing debt on acceptable terms or at all; (vi) our ability to continue as a going concern for a reasonable period of time; (vii) our ability to implement plans to increase sales and control expenses; (viii) our reliance on a limited number of customers for a significant portion of our revenue, and our ability to maintain or grow such sales levels; (ix) our ability to add new customers to reduce customer concentration; (x) our reliance on a limited number of third-party suppliers and research and development partners, our ability to manage third-party product development and obtain critical components and finished products from such suppliers on acceptable terms and of acceptable quality, and the impact of our fluctuating demand on the stability of such suppliers; (xi) our ability to timely and efficiently transport products from our third-party suppliers to our facility by ocean marine channels; (xii) our ability to increase demand in our targeted markets and to manage sales cycles that are difficult to predict and may span several quarters; (xiii) the timing of large customer orders, significant expenses and fluctuations between demand and capacity as we invest in growth opportunities; (xiv) our ability to compete effectively against companies with lower cost structures or greater resources, or more rapid development efforts, and new competitors in our target markets; (xv) our ability to successfully scale our network of sales representatives, agents, and distributors to match the sales reach of larger, established competitors; (xvi) our ability to attract and retain qualified personnel, and to do so in a timely manner; (xvii) the impact of any type of legal inquiry, claim or dispute; (xviii) general economic conditions in the United States and in other markets in which we operate or secure products; (xix) our dependence on military maritime customers and on the levels and timing of government funding available to such customers, as well as the funding resources of our other customers in the public sector and commercial markets; (xx) the possible impact on our military maritime customers and their ability to honor the timing for existing orders or place future orders due to COVID-19 breakouts amongst personnel that might impact the use of ships in service; (xxi) business interruptions resulting from geopolitical actions, including war and terrorism, natural disasters, including earthquakes, typhoons, floods and fires, or from health epidemics or pandemics or other contagious outbreaks; (xxii) our ability to respond to new lighting technologies and market trends, and fulfill our warranty obligations with safe and reliable products; (xxiii) any delays we may encounter in making new products available or fulfilling customer specifications; (xxiv) any flaws or defects in our products or in the manner in which they are used or installed; (xxv) our ability to protect our intellectual property rights and other confidential information, and manage infringement claims by others; (xxvi) our compliance with government contracting laws and regulations, through both direct and indirect sale channels, as well as other laws, such as those relating to the environment and health and safety; (xxvii) risks inherent in international markets, such as economic and political uncertainty, changing regulatory and tax requirements and currency fluctuations, including tariffs and other potential barriers to international trade; (xxviii) our ability to maintain effective internal controls and otherwise comply with our obligations as a public company; and (xxix) our ability to regain compliance with the continued listing standards of The Nasdaq Stock Market. For additional factors that could cause our actual results to differ materially from the forward-looking statements, please refer to our most recent annual report on Form 10-K and quarterly reports on Form 10-Q filed with the Securities and Exchange Commission.

Innovation leader of LED lighting technologies and solutions:

- With a **proven track record** for superior quality and innovation in LED since 2004
- Delivering substantial **“triple-bottom-line”** (financial, environmental and human) impacts (“total sustainability”)
- **Marquee enterprise customers**, including U.S. and foreign navies, U.S. governments, healthcare, educational, and Fortune 500 organizations

New management since April 2019 restructured and resumed growth:

- Aiming to build a global industry leader and create exceptional value as **LED and human-centric lighting (HCL)** adoption accelerates
- Strengthened **balance sheet** and started growing sales from Q4 2019
- Sales for the first 9 months of 2020 **grew 42%** over 2019

Launched **EnFocus™** and **UV-C Disinfection Solutions** portfolio in 2020:

- A breakthrough, patent-pending **lighting control** platform with HCL capabilities, initially including flicker-free, dimming and color tuning
- Targeting to retrofit **1+ billion** lighting fixtures in the US with global applications
- Launched UV-C products in Oct and starting sales and deliveries in **Q1 2021**

Recent Quarterly Financial Overview

\$ in millions **Improving financial performance driven by relaunch initiatives Since Q2 2019**

Net Sales

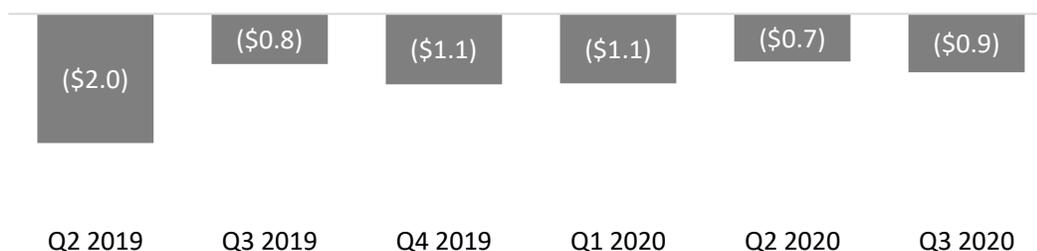


Operating Expenses



Adjusted EBITDA

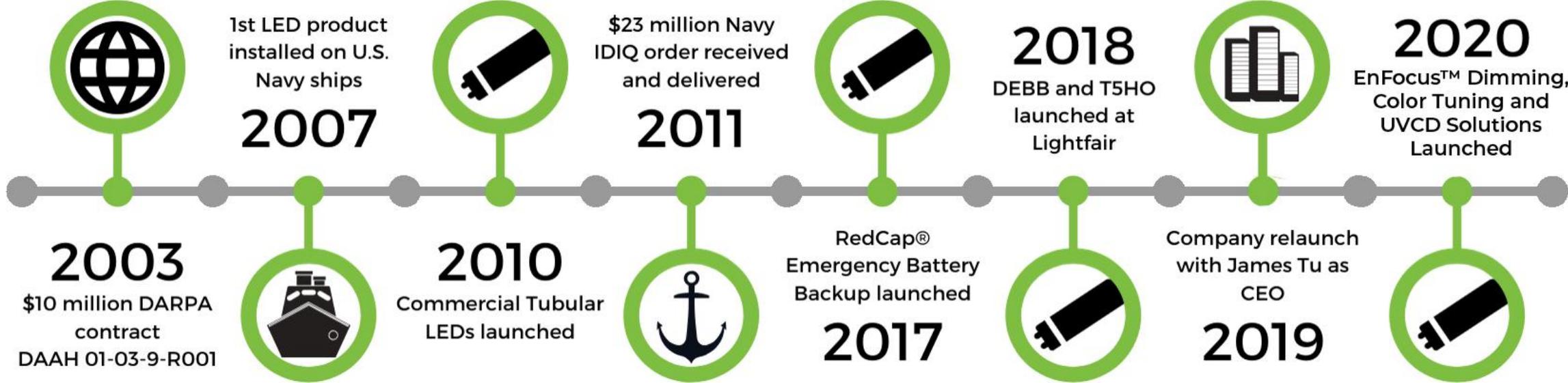
(Net loss excluding restructuring, interest, depreciation and amortization, stock-based compensation, change in fair value of warrants, other incentive compensation, a reconciliation is provided on Slide 37)



Inventories, net



Distinguished History of Disruptive Technology Innovations



Current Commercial & Industrial Products— Covering **80%+** Indoor Lighting Needs for C&I Buildings

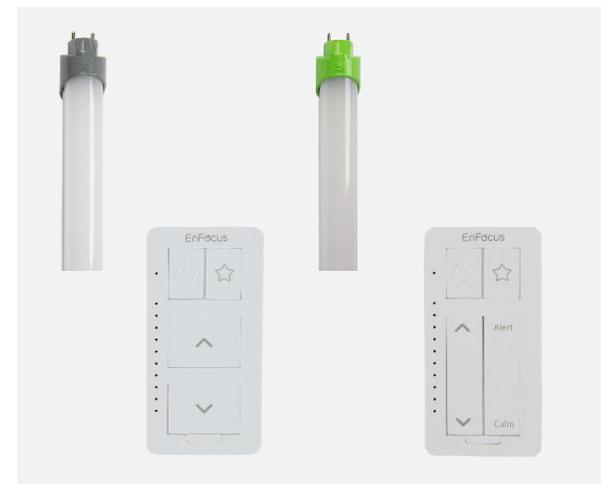
- **Energy services:**

- Proven high-quality LEDs with numerous case studies
- Government incentives to expand dramatically



- **EnFocus™ Control Platform:**

- Breakthrough Circadian Lighting capability
- Most affordable by a factor of 3-6



- **UVCD:**

- First Mover
- Complete, advanced portfolio of solutions



- **Luminaires:**

- Docklight
- Downlight
- Flood and Area Light
- Explosion and Hazardous Location Globes



Proven Quality Leadership & Mission-Critical Installations

Education

Quality of lighting and flicker free environment is important to schools for enhanced, focused concentration and learning



- **230+** unique customers, including U. of Minnesota, U. of Central Florida, Yale, St. John's, Penn State, Michigan State, over 100 school districts

Healthcare

Environmental **sustainability, quality of lighting, flicker free** environment and circadian rhythm capabilities



- **70+** unique hospital customers including National Institute of Health, Cleveland Clinic, Mayo Clinic, Cardinal Health, Northwestern U. Medical

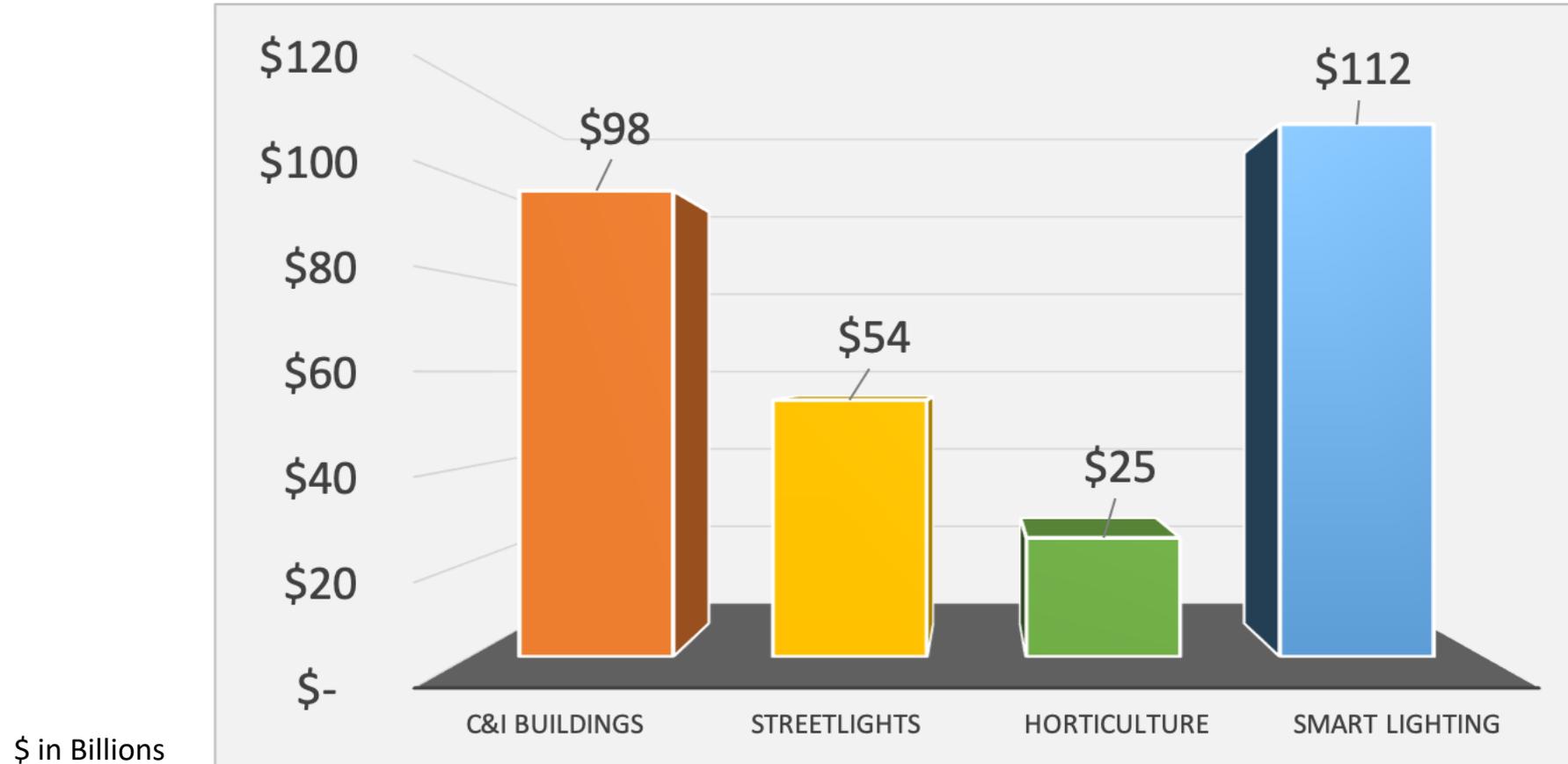
U.S. Navy

Energy and maintenance savings, and improved **quality of lighting** for sailors important to the U.S. Navy



- **160+** unique military customers including US Navy, Australian Navy, Canadian Navy, ConocoPhillips; 70%+ market share in US Navy LED lighting & 800K+ installed

Global C&I LED Lighting Market TAM from 2017-2026



*Source: "Market data: LED Global Outlook", Q3 2019, Navigant Research; "Global LED and Smart Streetlight: Market Forecast 2017-2027", November 2017, Research & Markets.

Adoption of TLEDs Just Exceeded 20% and Accelerating

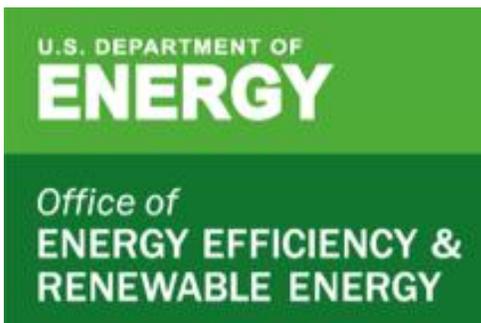


Table 3.6 Linear Fixture LED Energy Savings Summary

Linear Fixture	2016 LED Adoption	2018 LED Adoption	2018 Technical Potential
LED Installed Penetration (%)	9.4%	20.1%	100%
LED Installed Base (Millions of units)	103	224	1,113
LED Energy Savings (tBtu)	18.6	73.8	674
Connected Controls Energy Savings (tBtu)	1.4	3.3	538

1. Installed stock is presented in terms of lighting systems (lamp(s), ballast and fixture are counted as one unit).

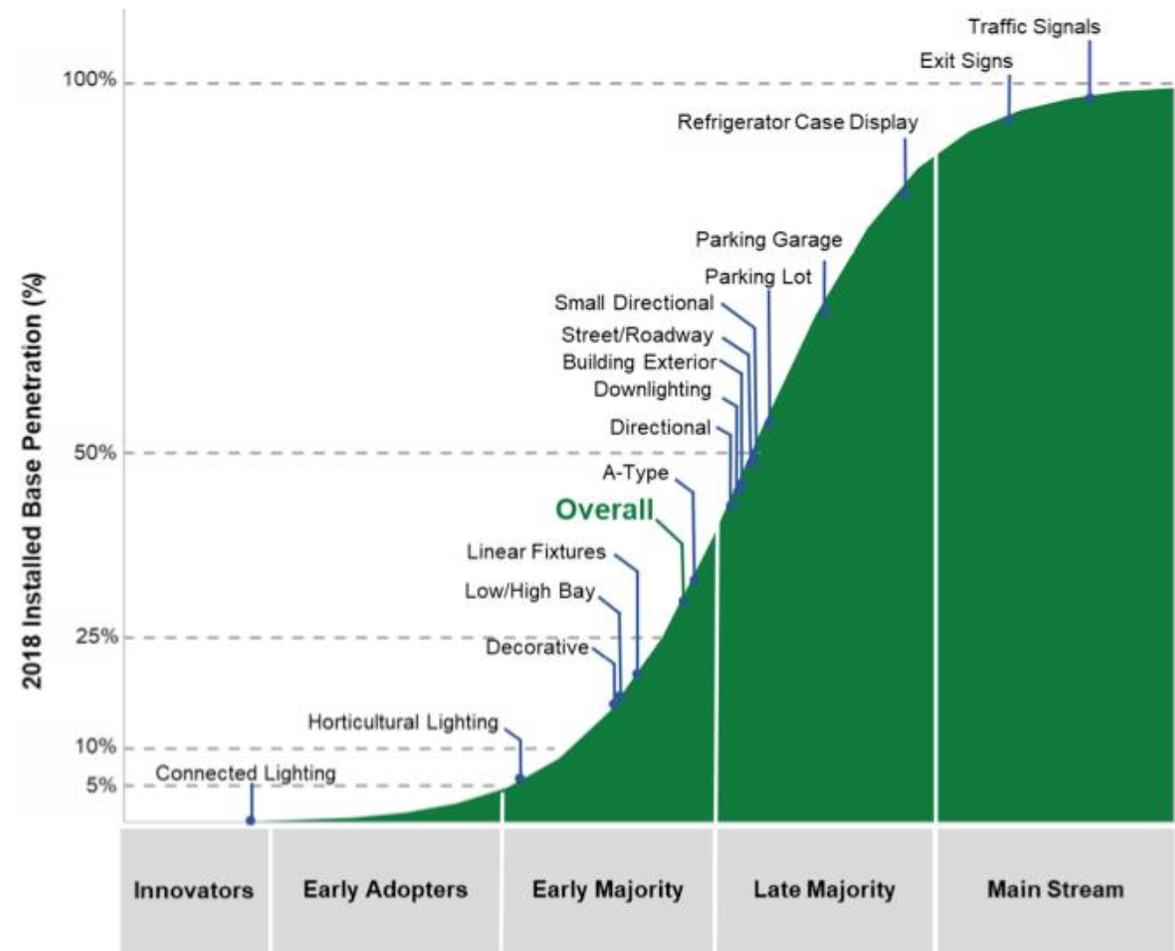


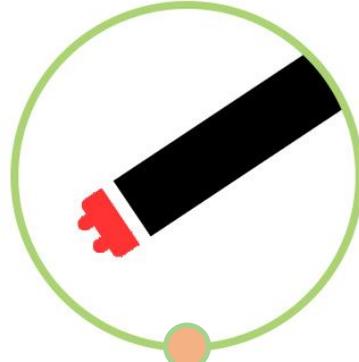
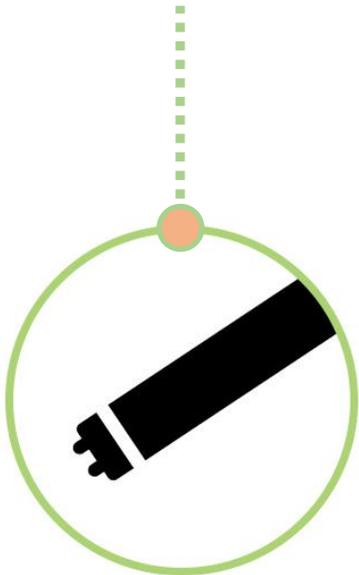
Figure 3.2 2018 Installed Adoption of LED Lighting Applications. Many general illumination LED applications have now reached the early and late majority phases of adoption.

LED Lighting: Going Beyond Energy Efficiency To HCL & IoT

Transforming LED from an “Energy Efficiency” Story to Total Sustainability

LED Lighting

- Flicker-Free
- 10-Year Warranty
- “Military-Tough” with best industry reliability record



Emergency Battery Backup

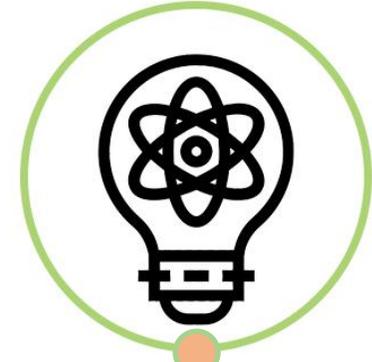
- RedCap™

Human Centric Lighting (HCL)

- Color Temperature Tuning
- Circadian Rhythm
- UV Disinfection

Networked Lighting

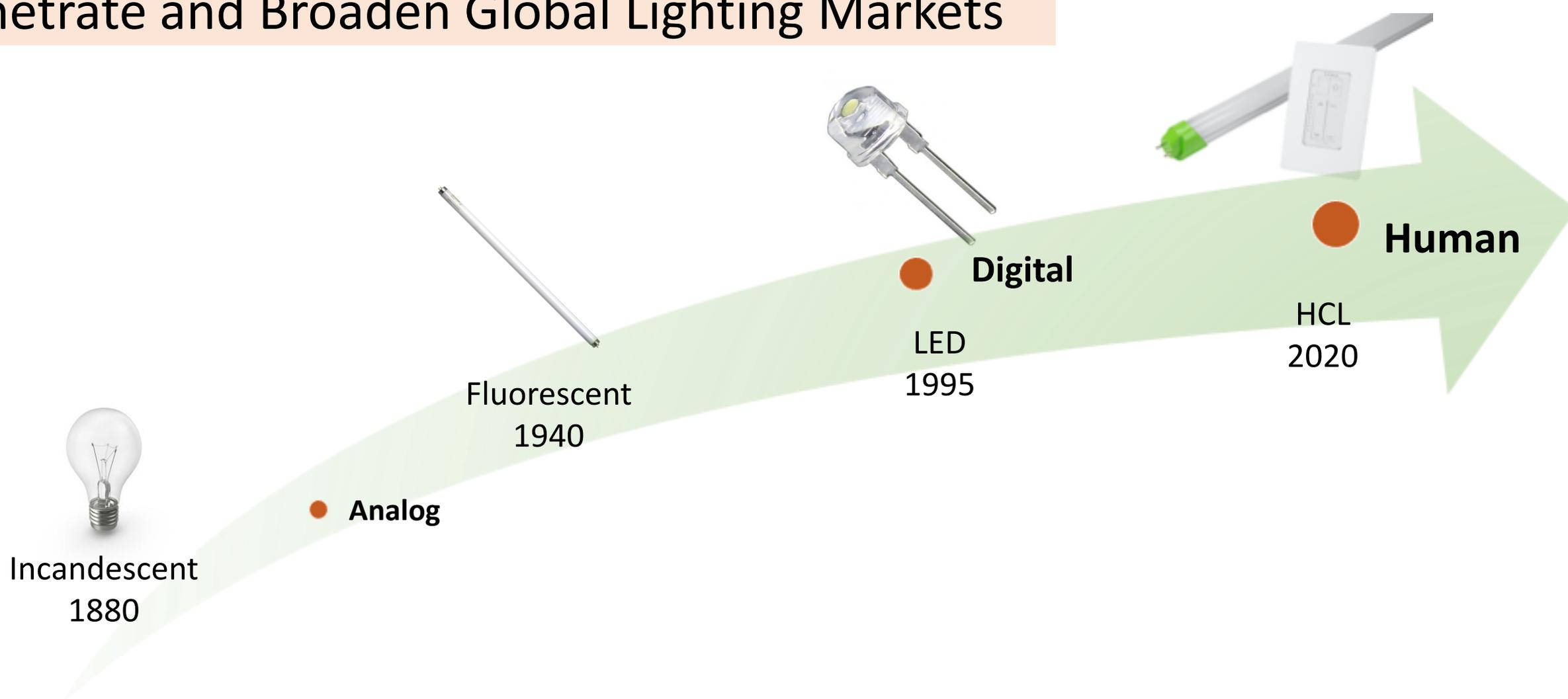
- Occupancy Sensing
- Daylight Harvesting
- Social Distancing



Internet-of-Things (IoT)

- Energy Monitoring & Mgt.
- Building Automation
- Smoke / Fire Detection
- Air Quality/HVAC control
- Security / Surveillance
- LiFi

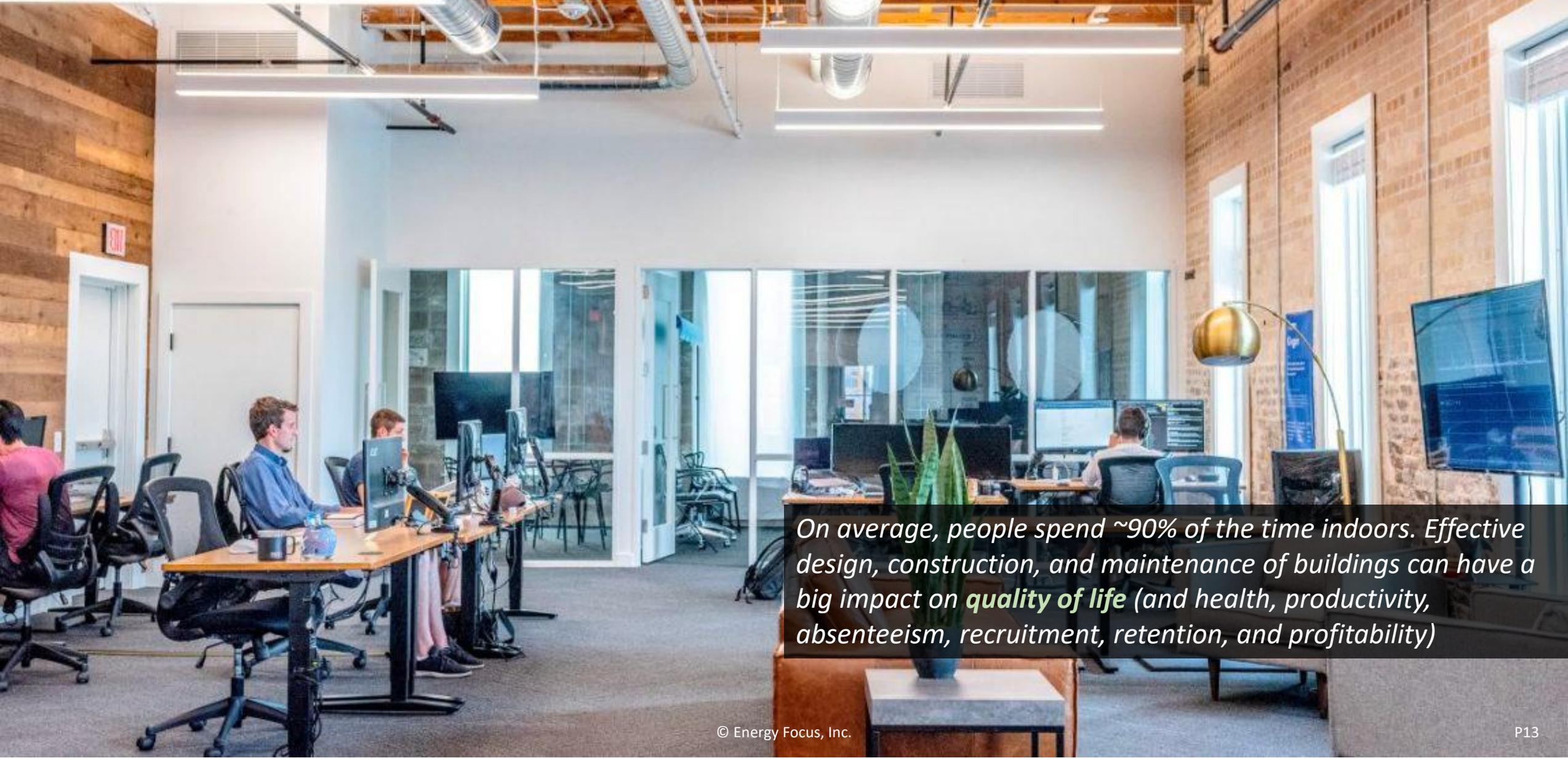
Human Centric Lighting (HCL) To Dramatically Penetrate and Broaden Global Lighting Markets



EnFocus™: Enabling buildings to provide sustainable & affordable HCL

1000 2000 3000 4000 5000 6000 7000 8000 9000 10000 K

Context of Human-Centric Lighting



*On average, people spend ~90% of the time indoors. Effective design, construction, and maintenance of buildings can have a big impact on **quality of life** (and health, productivity, absenteeism, recruitment, retention, and profitability)*

Dimming and Color Tuning For Optimal Circadian Wellness

Path One (Visual)

Rods

Dim light

Cones

Daylight / Color

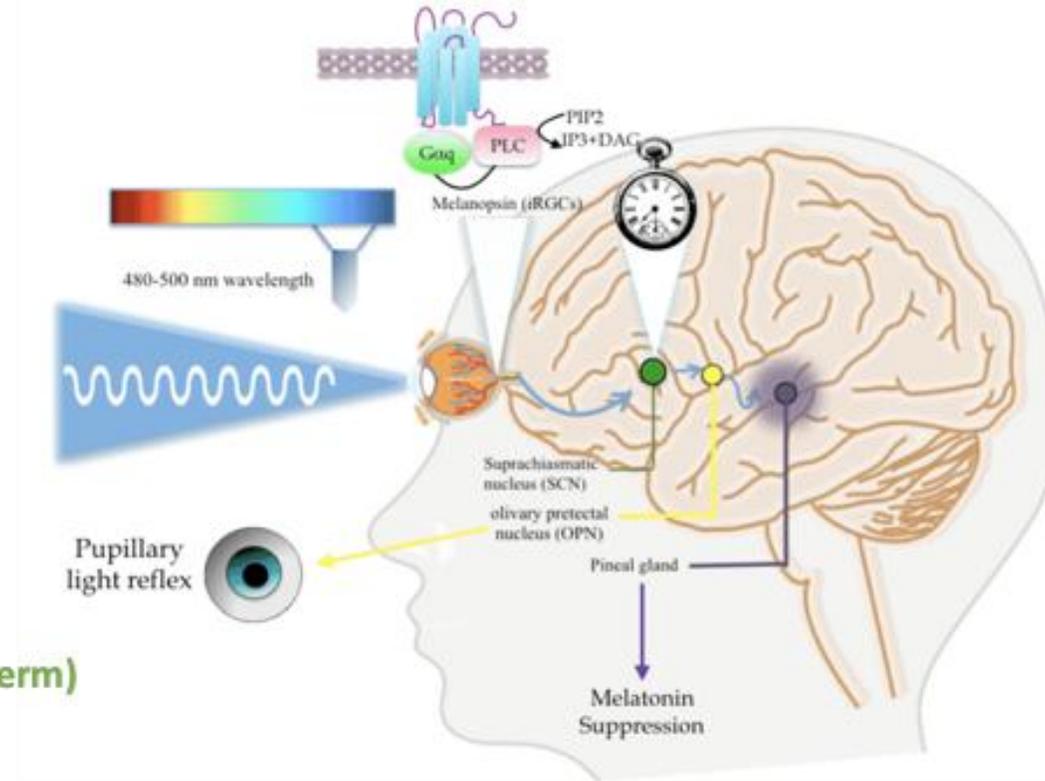
Path Two (Non-Visual)

ipRGCs (intrinsically photosensitive Retinal Ganglion Cells)

Roughly 1% of RGCs

Melanopsin: light sensitive protein (long term)

Direct to SCN (suprachiasmatic nucleus (hypothalamus))



Circadian Influencers

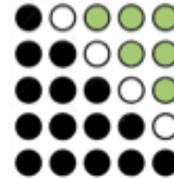
Timing of Light (i.e., when)



Three Conditions for Circadian Entrainment

1. High in Melanopic Content (High CCT)
2. Low in Melanopic Content (Low CCT)
3. Darkness

Intensity of Light (i.e., how much)



Most acutely influenced by blue wavelengths
(~480-500nm)
Daylight: 4,000 to 25,000 kelvin

CCT of Light (i.e., what color temperature)



Sunny day: 100,000 lux
Cloudy/rainy day: 2,000 to 10,000 lux
Typical office space: 200 to 800 lux

*You can, for example, make your lights **bluer and brighter** in the morning to promote alertness and assist in waking up, and then set your lights to be **redder and dimmer** as the day progresses to allow melatonin production.*

HCL Can Boost Health

Sleep:

2/3 of adults fail to obtain the recommended **8 hours** of nightly sleep.

Insufficient sleep is linked to:

- Alzheimer's disease
- Diabetes
- Cardiovascular disease
- Stroke
- Congestive heart failure
- All major psychiatric conditions
- Weight gain

Source: Why We Sleep (2017), Matthew Walker, PhD

Circadian Lighting Significantly Boosts Health of Older Adults

*“Since 2010, studies in patients with **Alzheimer's disease** have demonstrated ‘**extreme success**’ with circadian lighting in restoring normal sleep patterns”.*

- Dr. Mariana Figueiro, Lighting Research Center, Rensselaer Institute of Technology;
<https://www.lrc.rpi.edu/programs/lighthealth/lightolderadults.asp>

Circadian Lighting Significantly Boosts - Learning Effectiveness

RESPONSIBLE
FOR YOUR OWN
DECISIONS!

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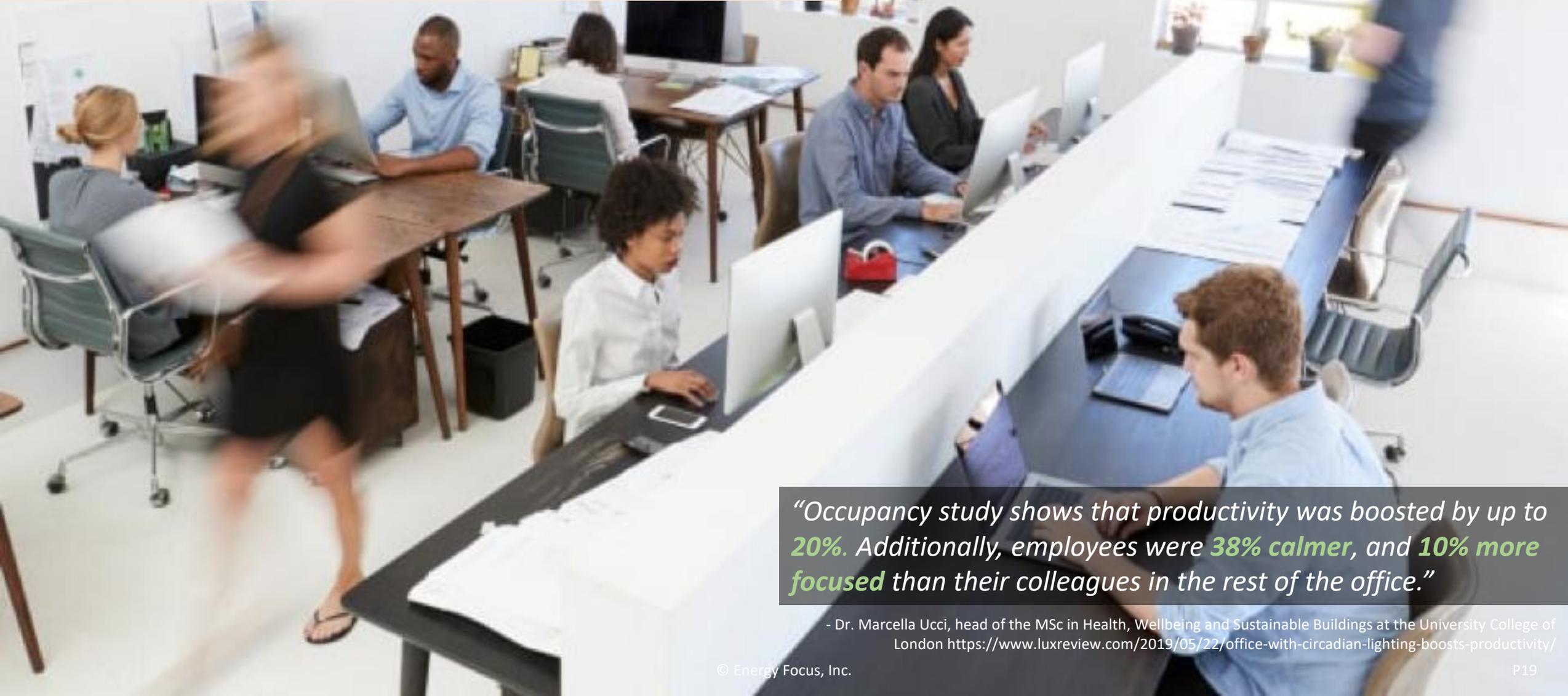
17

18

*“Students exposed to lighting with **higher light intensity** and light temperature levels had, by the end of the year, **increases in performance** that were **33% higher** than the increases in performance of the control group.”*

- Human Centric Lighting, Stan Walerczyk, CLEP, LC,
<https://humancentriclighting.org/wpcontent/uploads/2012/07/Stan-Article-SSL1.pdf>

Circadian Lighting Significantly Boosts - Worker Productivity



*“Occupancy study shows that productivity was boosted by up to **20%**. Additionally, employees were **38% calmer**, and **10% more focused** than their colleagues in the rest of the office.”*

- Dr. Marcella Ucci, head of the MSc in Health, Wellbeing and Sustainable Buildings at the University College of London <https://www.luxreview.com/2019/05/22/office-with-circadian-lighting-boosts-productivity/>

Benefits of HCL To Dwarf Energy Efficiency: 1% Productivity Gain=100% Total Energy Cost

Jones Lang Lasalle's real estate industry rule of thumb, called the "3-30-300", states that each year it costs a building...



<https://www.us.jll.com/en/trends-and-insights/workplace/a-surprising-way-to-cut-real-estate-costs>



2700K

6500K



EnFocus | dm
(Dimming Only)



EnFocus | dct
(Dimming and
Color Tuning)



Bringing HCL To Existing Buildings For the First Time



- **Network safe and secure** LED lighting control solution



- **Simple retrofit installation**, with no additional wiring for control capabilities



- **Preserving high power factor and low total harmonic distortion (THD)**, unlike traditional phase-cut dimming approaches



- **Much lower cost to install** than other wired or wireless dimming and color tuning LED lighting systems



- **The most sustainable and affordable** lighting control solution versus other LED alternatives. EnFocus™ LED lamps replace existing tubes instead of replacing the whole fixture

		L* switch + integrated color tuning fixture	E* Control System w/ sensors	P*, O* Dali Control Systems
Hardware	\$225	\$700	\$1,400	\$1,400
Labor (4 fixtures: removal & installation)	\$60	\$150	\$150	\$150
Labor (1 switch: installation & conduit wiring)	\$15	\$150	\$150	\$300
Total	\$300	\$1,000	\$1,700	\$1,850
Cost Multiple		3.3x	5.7x	6.2x

Newly Launched (Oct 2020) UV-C Disinfection (UVCD) Solutions



- **Portable UV-C Air Disinfection Tower**



- **Combined Circadian Lighting + UV-C Air Disinfection Troffer**



- **Autonomous UV-C Surface Disinfection Robot**

Virus-Targeted UV-C Air Disinfection Tower For Common Spaces

nU
vO™



- Inactivating **99.9%+** coronavirus and influenza
- **24-hour** continuous disinfection capability
- 4 air changes per hour (**4 ACH**) in a 200 square-foot room (4 fan speed settings to 120 CFM)
- **Patent-pending design** with outside LED-strip (w. optional on/off button)
- 86 electric watts for **35 UV-C watts** output
- **LED indicators** for lamp replacement notification and diagnosis
- Safe and **filter free** with easily replaceable UV-C lighting module that lasts 10,000 hours (2 years for 12 hours/day operation)
- **5-year** warranty

n u
v o TM


energy
focus.
ENLIGHTEN AND INSPIRE
FOR BETTER LIVING

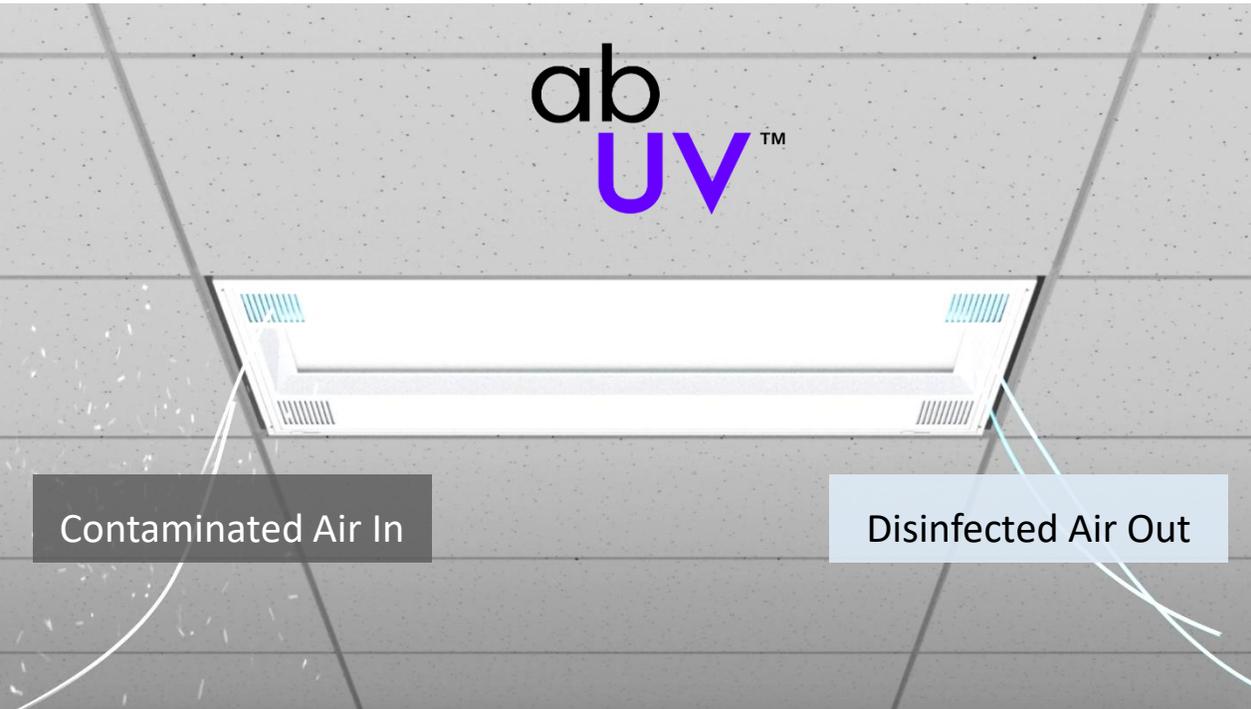


Sample Competitive/Value Analysis: nUVo Stands Out for Air Disinfection



	Energy Focus nUVo	Air Oasis G3	RxAir 400	Molekule Air
Price	\$395	\$399	\$899.99	\$799
Stated Coverage/ACH	200 sq. ft./4ACH	300 sq. ft./?ACH.	3-6 ACH/ 300-800 sq. ft.	600 sq. ft. /1ACH
Stated Air Flow	120 CFM	~30 CFM	Not Stated	Not Stated
Stated Disinfection Effectiveness	99.9%+	Up to 99%	99%	99.97%

The Most Affordable and Powerful UV-C Troffer Plus Highest Quality of Circadian Lighting



- Inactivating **99.9%+** coronaviruses and influenzas
- 2 air changes per hour (**2 ACH**) for 100-sq.ft. per 2x4 troffer and 65-sq.ft. for 2x2
- Includes three (3) EnFocus **flicker-free, color tuning and dimming** TLED lamps
- (1) ozone-free UV-C lamp in an enclosed housing for **continuous** safe air disinfection and ensures **safety**
- Controlled by exclusive EnFocus™ room-based 8-amp wall switch
- LED indicators for lamp replacement notification and diagnosis
- **No filter change** needed; UV-C lamp last 10,000+ hours

The Ultimate, Most Sustainable Troffer for ALL Public Spaces Post COVID-19



Sample Competitive/Value Analysis: abUV Stands Out for Air Disinfection



	Energy Focus abUV	Healthe Air	VIDASHIELD VS01	UV Angel Clean Air
Est. End User Price	\$495 / \$395	\$ 2,500	\$ 2,000	\$ 1,200
Stated Coverage/ACH	900 ft³ / 2 ACH	800 ft ³ / 4 ACH	640 ft ³ / 4 ACH	800 ft ³ / 4 ACH
Stated Air Flow	35 CFM	50 CFM	50 CFM	50 CFM
Stated Disinfection Effectiveness	99.9%+	99.97%	Not Stated	90% to 99.99%

Fastest and Most Affordable UV-C Disinfection Robot in the Market—by a Long Shot

mU^F
-ve™



- Inactivating **99.99%+** coronaviruses and influenzas at a speed of 16 inches/second, or **~15,000 sq.ft. per hour**
- Additional UV-C lamp on the robot's base for **floor disinfection**
- Safety assurance and anti-collision through **LiDAR sensors and machine vision** sensors, as well as a single-eye camera and one depth camera included
- Fully **autonomous** robot capable of mapping over **2 million square feet** of space and performing scheduled disinfection
- **Quick battery** change out for continuous operation
- Continuous air movement across the length of the lamp to **cool and increase the life** of the quartz, ozone-free UV-C lamp
- **Cloud based** mapping, alerting, tracking and reporting system

Effective and Affordable Surface Disinfection For ALL Buildings and Facilities

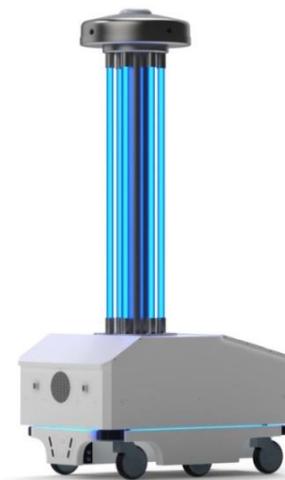
mU
ve™



Sample Competitive/Value Analysis: mUVE Stands Out for Surface Disinfection



mUVE™



	Energy Focus mUVE	Xenex Light Strike	UVD Robots - Blue Ocean Robotics	Smart Guard UV/ Puro
Price	\$45,000	~\$ 125,000	~\$ 100,000+	~\$ 75,000+
Autonomy	Autonomous	Manual	Autonomous	Autonomous / Manual
UV Output/Efficiency	UV-C / 35%	Pulse Xenon / < 10%	UV-C / 35%	Pulse Xenon / < 10%
Coverage Rate	15,000 SQ FT/HR	10,000 SQ FT/HR	3,000 SQ FT/HR	5,000 SQ FT/HR

First-Mover For an Explosive & Permanent New Market

Proven Disinfection Technology

UV-C disinfection has been proven to inactivate coronavirus and influenza and other infectious viruses since 1930s



Large Potential Markets

Addressing all commercial buildings (~5M with ~100B sq.ft. in the US alone); nUVo series to target residential/consumer markets



MARKET DYNAMICS

for

Energy Focus

UVCD

Solutions



Rapidly Emerging Needs

Demand for UV disinfection equipment during the COVID-19 pandemic has increased by nearly **1,000%**

<https://www.alliedmarketresearch.com/uv-disinfection-equipment-market>

Competitive Landscape

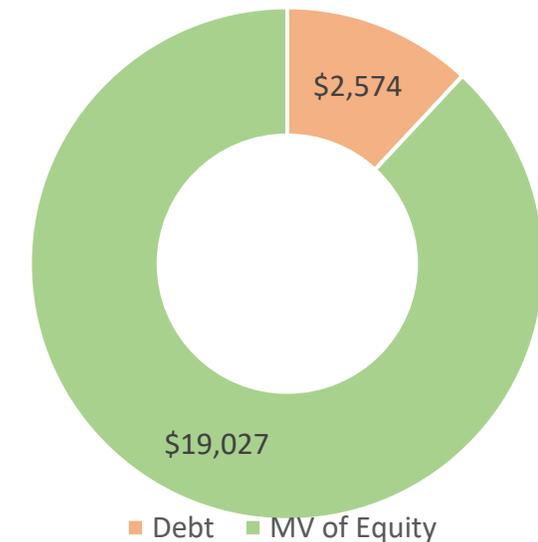
Comprehensive, effective and affordable UV solutions with the latest, patented **technologies** (instead of pre-COVID) backed by EFOI's long-term reliability **track record**



Summary Balance Sheets

(\$ in thousands)	As of 9/30/2020	As of 12/31/2019
Cash	\$2,574	\$350
Total current assets	\$12,560	\$9,334
Total assets	\$14,067	\$11,739
Total current liabilities	\$11,022	\$6,542
Total liabilities	\$11,928	\$7,743
Stockholders' equity	\$2,139	\$3,996
Total liabilities and stockholders' equity	\$14,067	\$11,739
Excess Availability under credit facility²	\$2,287	\$1,579
Total Availability³	\$4,861	\$1,929

Capital Structure
(as of September 30, 2020)



1 Additional capital includes \$2.3M in gross proceeds from January 2020 equity offering + \$795K in proceeds from April 2020 PPP loan

2 Represents difference between maximum borrowing capacity of credit facility and actual borrowings

3 Represents Company's 'access' to cash if needed at point in time (Cash + Excess Availability)

Market value of equity based on closing stock price of \$5.55 on November 12, 2020 and 3.43M shares outstanding as of September 30, 2020

Energy Focus: Key Investment Attributes

1

Significant enterprise LED lighting market opportunity with **accelerating adoption propelled by HCL and IoT**

2

Proven and vested executive team leading and completing corporate relaunch with quarterly growth starting in **4Q 2019**

3

Proven industry **innovation leader**, with high performance LED lighting products installed in numerous military, healthcare, education and enterprise mission-critical facilities

4

Introduction of breakthrough, **EnFocus™**, the breakthrough lighting control and HCL platform specifically targeting existing 5.6M commercial buildings and **1+ billion linear fixtures in the US and many more globally**

5

Launched into the rapidly emerging UV-C disinfection market with advanced and competitive products including **nUVo, abUV** and mUVe

6

Strengthened balance sheet and liquidity to support aggressive growth

7

Significant management and insider ownership **~30%**

Adjusted EBITDA Reconciliation

(\$ in thousands)	As of 06/30/2019	As of 09/30/2019	As of 12/31/2019	As of 03/31/2020	As of 06/30/2020	As of 9/30/2020
Net Loss	\$ (2,254)	\$ (946)	\$ (1,308)	\$ (541)	\$ (4,340)	\$ (1,165)
Restructuring (recovery)/expense	128	(19)	(47)	(14)	(14)	(16)
Net Loss, excluding restructuring	(2,126)	(965)	(1,355)	(555)	(4,354)	(1,181)
Interest expense	26	67	79	133	87	124
Loss on extinguishment of debt	-	-	-	-	-	159
Income tax (benefit)/expense	-	-	10	-	-	(2)
Depreciation	95	77	49	46	46	48
Stock-based compensation	(20)	34	59	20	41	35
Change in fair value of warrant liability	-	-	-	(873)	3,300	(153)
Other incentive compensation	-	-	51	139	134	52
Adjusted EBITDA	\$ (2,025)	\$ (787)	\$ (1,107)	\$ (1,090)	\$ (746)	\$ (918)



THANK YOU!

Energy Focus, Inc.

James Tu, Chairman and CEO
Tod A. Nestor, President and CFO